

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

HCFA-1135-N

RIN 0938-AK13

Medicare Program; Hospice Wage Index

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Notice.

SUMMARY: This notice announces the annual update to the hospice wage index as required by statute. This update is effective October 1, 2000 through September 30, 2001. The wage index is used to reflect local differences in wage levels. The hospice wage index methodology and values are based on recommendations of a negotiated rulemaking advisory committee and were originally published in the **Federal Register** on August 8, 1997.

EFFECTIVE DATE: This notice is effective on October 1, 2000.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

I. Background

A. Statute and Regulations

Hospice Care is an approach to treatment that recognizes that the impending death of an individual warrants a change in the focus from curative care to palliative care (relief of pain and other uncomfortable symptoms). The goal of hospice care is

to help terminally ill individuals continue life with minimal disruption to normal activities while remaining primarily in the home environment. A hospice uses an interdisciplinary approach to deliver medical, social, psychological, emotional, and spiritual services through use of a broad spectrum of professional and other caregivers, with the goal of making the individual as physically and emotionally comfortable as possible. Counseling and respite services are available to the family of the hospice patient. Hospice programs consider both the patient and the family as a unit of care.

Section 1861(dd) of the Social Security Act (the Act) provides for coverage of hospice care for terminally ill Medicare beneficiaries who elect to receive care from a participating hospice. The statutory authority for payment to hospices participating in the Medicare program is contained in section 1814(i) of the Act.

Our existing regulations under 42 CFR Part 418 (issued on December 16, 1983, effective for hospice services furnished on or after November 1, 1983) establish eligibility requirements and payment standards and procedures, define covered services, and delineate the conditions a hospice must meet to be approved for participation in the Medicare program. Subpart G of Part 418 provides for payment to hospices based on one of four prospectively determined rates for each day in which a qualified

Medicare beneficiary is under the care of a hospice. The four rate categories are routine home care, continuous home care, inpatient respite care, and general inpatient care. Payment rates are established for each category.

The regulations at '418.306(c), which require the rates to be adjusted by a wage index, were revised in the August 8, 1997 final rule (62 FR 42860). This rule implemented a new methodology for calculating the hospice wage index based on the recommendations of a negotiated rulemaking committee. The committee reached consensus on the methodology. We included the resulting committee statement, describing that consensus, as an appendix to the August 8, 1997 final rule (62 FR 42883). The provisions of the final hospice wage index rule are as follows:

\$ The revised hospice wage index will be calculated using the most current available hospital wage data.

\$ The revised hospice wage index was phased in over a 3-year transition period. For the first year of the transition period, October 1, 1997 through September 30, 1998, a blended index was calculated by adding two-thirds of the 1983 index value for an area to one-third of the revised wage index value for that area. During the second year of the transition period, October 1, 1998 through September 30, 1999, the calculation was similar, except that the blend was one-third of the 1983 index value and two-thirds of the revised wage index value for that

area. We fully implemented the revised wage index during the third transition period, October 1, 1999 through September 30, 2000.

\$ All hospice wage index values of 0.8 or greater are subject to a budget-neutrality adjustment to ensure that we do not pay more in the aggregate than we would have paid under the original wage index. The budget-neutrality adjustment is calculated by multiplying the hospice wage index for a given area by the budget-neutrality adjustment factor. The budget-neutrality adjustment is to be applied annually, both during and after the transition period.

\$ All hospice wage index values below 0.8 receive the greater of the following adjustments: the wage index floor, a 15-percent increase, subject to a maximum wage index value of 0.8; or, the budget-neutrality adjustment.

\$ The wage index is to be updated annually, in the **Federal Register**, based on the most current available hospital wage data. These data will include any changes to the definitions of Metropolitan Statistical Areas (MSA).

Section 4441(a) of the Balanced Budget Act of 1997 (BBA) amended section 1814(i)(1)(C)(ii) of the Act to establish updates to hospice rates for fiscal years (FYs) 1998 through 2002. Hospice rates were to be updated by a factor equal to the market basket index, minus 1 percentage point. However, section 131(a)

of the Balanced Budget Refinement Act of 1999 (BBRA) changed the payment rates for FYs 2001 and 2002 by increasing the FY 2001 rate by 0.5 percent and the FY 2002 rate by 0.75 percent.

Section 131(b) of the BBRA states that any additional payments made under section 131(a) of the BBRA shall not be included in updating the hospice rates after those 2 years.

B. Update to the Hospice Wage Index

This annual update is effective October 1, 2000 through September 30, 2001. In accordance with the agreement signed by the Health Care Financing Administration (HCFA) and all other members of the Hospice Wage Index Negotiated Rulemaking Committee, we are using the most current HCFA hospital data available, including any changes to the definitions of MSAs. The FY 2000 hospital wage index was the most current hospital wage data available when the FY 2001 wage index values were calculated. We used the pre-reclassified and pre-floor hospital area wage index data.

All wage index values are adjusted by a budget-neutrality factor of 1.065425 and are subject to the wage index floor adjustment, if applicable. We have completed all of the calculations described above and included them in the wage index values reflected in both Tables A and B below. A detailed description of the method used to compute the hospice wage index is contained in both the September 4, 1996 proposed rule

(61 FR 46579) and the August 8, 1997 final rule (62 FR 42860).

After the publication of the FY 2000 hospice wage index updates, we received a number of questions about the methodology used to calculate the hospice wage indices. We would like to take this opportunity to further explain the methodology used in determining the hospice wage indices.

1. Metropolitan Statistical Areas

As explained in the September 4, 1996 hospice wage index proposed rule, each hospice's labor market area would be established by the MSA definitions issued by the Office of Management and Budget (OMB) on December 28, 1992 based on the 1990 census, and updated periodically by OMB. Any changes to the MSA definitions would be effective annually and announced in the final rule updating the hospice wage index.

2. MSA Wage Index Values Lower than Rural Values

As explained above, any area not included in an MSA is considered to be nonurban and receives the statewide rural rate. We are aware that in the past, a number of MSAs have had wage index values that were lower than their rural statewide value. This difference is due to variations in local wage data as compared to national wage data. The hospice wage index is computed by dividing the hourly wage rate for an MSA or nonurban area by a national hourly wage rate. Nonurban areas could receive a higher wage index value than urban areas in the same

state if the hourly wage rate in the nonurban area increased at a greater rate.

C. Tables

TABLE A--HOSPICE WAGE INDEX FOR URBAN AREAS

MSA Code Number	Urban Area (Constituent Counties or County Equivalents)¹	Wage Index²
0040	<i>Abilene, TX</i> Taylor, TX	0.8715
0060	<i>Aguadilla, PR</i> Aguada, PR Aguadilla, PR Moca, PR	0.4386
0080	<i>Akron, OH</i> Portage, OH Summit, OH	1.0829
0120	<i>Albany, GA</i> Dougherty, GA Lee, GA	1.1052
0160	<i>Albany-Schenectady-Troy, NY</i> Albany, NY Montgomery, NY Rensselaer, NY Saratoga, NY Schenectady, NY Schoharie, NY	0.9328
0200	<i>Albuquerque, NM</i> Bernalillo, NM Sandoval, NM Valencia, NM	0.9056
0220	<i>Alexandria, LA</i> Rapides, LA	0.8385
0240	<i>Allentown-Bethlehem-Easton, PA</i> Carbon, PA Lehigh, PA Northampton, PA	1.0897
0280	<i>Altoona, PA</i> Blair, PA	0.9954
0320	<i>Amarillo, TX</i> Potter, TX Randall, TX	0.8929
0380	<i>Anchorage, AK</i> Anchorage, AK	1.3701

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
0440	<i>Ann Arbor, MI</i> Lenawee, MI Livingston, MI Washtenaw, MI	1.2235
0450	<i>Anniston, AL</i> Calhoun, AL	0.9017
0460	<i>Appleton-Oshkosh-Neenah, WI</i> Calumet, WI Outagamie, WI Winnebago, WI	0.9496
0470	<i>Arecibo, PR</i> Arecibo, PR Camuy, PR Hatillo, PR	0.5537
0480	<i>Asheville, NC</i> Buncombe, NC Madison, NC	0.9466
0500	<i>Athens, GA</i> Clarke, GA Madison, GA Oconee, GA	1.0340
0520	<i>Atlanta, GA</i> Barrow, GA Bartow, GA Carroll, GA Cherokee, GA Clayton, GA Cobb, GA Coweta, GA DeKalb, GA Douglas, GA Fayette, GA Forsyth, GA Fulton, GA Gwinnett, GA Henry, GA Newton, GA Paulding, GA Pickens, GA Rockdale, GA Spalding, GA Walton, GA	1.0709
0560	<i>Atlantic-Cape May, NJ</i> Atlantic, NJ Cape May, NJ	1.2051

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
0580	<i>Auburn-Opelika, AL</i> Lee, AL	0.8256
0600	<i>Augusta-Aiken, GA-SC</i> Columbia, GA McDuffie, GA Richmond, GA Aiken, SC Edgefield, SC	0.9603
0640	<i>Austin-San Marcos, TX</i> Bastrop, TX Caldwell, TX Hays, TX Travis, TX Williamson, TX	0.9676
0680	<i>Bakersfield, CA</i> Kern, CA	1.0248
0720	<i>Baltimore, MD</i> Anne Arundel, MD Baltimore, MD Baltimore City, MD Carroll, MD Harford, MD Howard, MD Queen Anne's, MD	1.0539
0733	<i>Bangor, ME</i> Penobscot, ME	1.0239
0743	<i>Barnstable-Yarmouth, MA</i> Barnstable, MA	1.4173
0760	<i>Baton Rouge, LA</i> Ascension, LA East Baton Rouge, LA Livingston, LA West Baton Rouge, LA	0.9278
0840	<i>Beaumont-Port Arthur, TX</i> Hardin, TX Jefferson, TX Orange, TX	0.9129
0860	<i>Bellingham, WA</i> Whatcom, WA	1.2141
0870	<i>Benton Harbor, MI</i> Berrien, MI	0.9011
0875	<i>Bergen-Passaic, NJ</i> Bergen, NJ Passaic, NJ	1.2816

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
0880	<i>Billings, MT</i> Yellowstone, MT	1.0696
0920	<i>Biloxi-Gulfport-Pascagoula, MS</i> Hancock, MS Harrison, MS Jackson, MS	0.8383
0960	<i>Binghamton, NY</i> Broome, NY Tioga, NY	0.9324
1000	<i>Birmingham, AL</i> Blount, AL Jefferson, AL St. Clair, AL Shelby, AL	0.9584
1010	<i>Bismarck, ND</i> Burleigh, ND Morton, ND	0.8267
1020	<i>Bloomington, IN</i> Monroe, IN	0.9155
1040	<i>Bloomington-Normal, IL</i> McLean, IL	0.9582
1080	<i>Boise City, ID</i> Ada, ID Canyon, ID	0.9654
1123	<i>Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH</i> Bristol, MA Essex, MA Middlesex, MA Norfolk, MA Plymouth, MA Suffolk, MA Worcester, MA Hillsborough, NH Merrimack, NH Rockingham, NH Strafford, NH	1.2102
1125	<i>Boulder-Longmont, CO</i> Boulder, CO	1.0596
1145	<i>Brazoria, TX</i> Brazoria, TX	0.9074
1150	<i>Bremerton, WA</i> Kitsap, WA	1.1733
1240	<i>Brownsville-Harlingen-San Benito, TX</i> Cameron, TX	0.9816

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
1260	<i>Bryan-College Station, TX</i> Brazos, TX	0.9057
1280	<i>Buffalo-Niagara Falls, NY</i> Erie, NY Niagara, NY	1.0233
1303	<i>Burlington, VT</i> Chittenden, VT Franklin, VT Grand Isle, VT	1.1250
1310	<i>Caguas, PR</i> Caguas, PR Cayey, PR Cidra, PR Gurabo, PR San Lorenzo, PR	0.5245
1320	<i>Canton-Massillon, OH</i> Carroll, OH Stark, OH	0.9346
1350	<i>Casper, WY</i> Natrona, WY	0.9802
1360	<i>Cedar Rapids, IA</i> Linn, IA	0.9609
1400	<i>Champaign-Urbana, IL</i> Champaign, IL	0.9764
1440	<i>Charleston-North Charleston, SC</i> Berkeley, SC Charleston, SC Dorchester, SC	0.9577
1480	<i>Charleston, WV</i> Kanawha, WV Putnam, WV	0.9691
1520	<i>Charlotte-Gastonia-Rock Hill, NC-SC</i> Cabarrus, NC Gaston, NC Lincoln, NC Mecklenburg, NC Rowan, NC Stanly, NC Union, NC York, SC	1.0051
1540	<i>Charlottesville, VA</i> Albemarle, VA Charlottesville City, VA Fluvanna, VA Greene, VA	1.1267

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
1560	<i>Chattanooga, TN-GA</i> Catoosa, GA Dade, GA Walker, GA Hamilton, TN Marion, TN	1.0369
1580	<i>Cheyenne, WY</i> Laramie, WY	0.8711
1600	<i>Chicago, IL</i> Cook, IL DeKalb, IL Du Page, IL Grundy, IL Kane, IL Kendall, IL Lake, IL McHenry, IL Will, IL	1.1585
1620	<i>Chico-Paradise, CA</i> Butte, CA	1.1071
1640	<i>Cincinnati, OH-KY-IN</i> Brown, OH Clermont, OH Hamilton, OH Warren, OH Boone, KY Campbell, KY Gallatin, KY Grant, KY Kenton, KY Pendleton, KY Dearborn, IN Ohio, IN	1.0035
1660	<i>Clarksville-Hopkinsville, TN-KY</i> Christian, KY Montgomery, TN	0.8619
1680	<i>Cleveland-Lorain-Elyria, OH</i> Ashtabula, OH Cuyahoga, OH Geauga, OH Lake, OH Lorain, OH Medina, OH	1.0323
1720	<i>Colorado Springs, CO</i> El Paso, CO	0.9821

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
1740	<i>Columbia, MO</i> Boone, MO	0.9488
1760	<i>Columbia, SC</i> Lexington, SC Richland, SC	0.9970
1800	<i>Columbus, GA-AL</i> Chattahoochee, GA Harris, GA Muscogee, GA Russell, AL	0.9068
1840	<i>Columbus, OH</i> Delaware, OH Fairfield, OH Franklin, OH Licking, OH Madison, OH Pickaway, OH	1.0556
1880	<i>Corpus Christi, TX</i> Nueces, TX San Patricio, TX	0.9271
1890	<i>Corvallis, Oregon</i> Benton, OR	1.1813
1900	<i>Cumberland, MD-WV</i> Allegany, MD Mineral, WV	0.9378
1920	<i>Dallas, TX</i> Collin, TX Dallas, TX Denton, TX Ellis, TX Henderson, TX Hunt, TX Kaufman, TX Rockwall, TX	1.0236
1950	<i>Danville, VA</i> Danville City, VA Pittsylvania, VA	0.9277
1960	<i>Davenport-Moline-Rock Island, IA-IL</i> Scott, IA Henry, IL Rock Island, IL	1.0080

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
2000	<i>Dayton-Springfield, OH</i> Clark, OH Greene, OH Miami, OH Montgomery, OH	0.9576
2020	<i>Daytona Beach, FL</i> Flagler, FL Volusia, FL	0.9248
2030	<i>Decatur, AL</i> Lawrence, AL Morgan, AL	0.9248
2040	<i>Decatur, IL</i> Macon, IL	0.8867
2080	<i>Denver, CO</i> Adams, CO Arapahoe, CO Denver, CO Douglas, CO Jefferson, CO	1.0857
2120	<i>Des Moines, IA</i> Dallas, IA Polk, IA Warren, IA	0.9328
2160	<i>Detroit, MI</i> Lapeer, MI Macomb, MI Monroe, MI Oakland, MI St. Clair, MI Wayne, MI	1.1104
2180	<i>Dothan, AL</i> Dale, AL Houston, AL	0.8309
2190	<i>Dover, DE</i> Kent, DE	0.9947
2200	<i>Dubuque, IA</i> Dubuque, IA	0.9079
2240	<i>Duluth-Superior, MN-WI</i> St. Louis, MN Douglas, WI	1.0831
2281	<i>Dutchess County, NY</i> Dutchess, NY	1.1243

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
2290	<i>Eau Claire, WI</i> Chippewa, WI Eau Claire, WI	0.9544
2320	<i>El Paso, TX</i> El Paso, TX	0.9533
2330	<i>Elkhart-Goshen, IN</i> Elkhart, IN	0.9994
2335	<i>Elmira, NY</i> Chemung, NY	0.9092
2340	<i>Enid, OK</i> Garfield, OK	0.8474
2360	<i>Erie, PA</i> Erie, PA	0.9614
2400	<i>Eugene-Springfield, OR</i> Lane, OR	1.1298
2440	<i>Evansville-Henderson, IN-KY</i> Posey, IN Vanderburgh, IN Warrick, IN Henderson, KY	0.8847
2520	<i>Fargo-Moorhead, ND-MN</i> Clay, MN Cass, ND	0.9185
2560	<i>Fayetteville, NC</i> Cumberland, NC	0.9051
2580	<i>Fayetteville-Springdale-Rogers, AR</i> Benton, AR Washington, AR	0.8283
2620	<i>Flagstaff, AZ-UT</i> Coconino, AZ Kane, UT	1.1026
2640	<i>Flint, MI</i> Genesee, MI	1.1742
2650	<i>Florence, AL</i> Colbert, AL Lauderdale, AL	0.8447
2655	<i>Florence, SC</i> Florence, SC	0.9183
2670	<i>Fort Collins-Loveland, CO</i> Larimer, CO	1.0977
2680	<i>Ft. Lauderdale, FL</i> Broward, FL	1.0839

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
2700	<i>Fort Myers-Cape Coral, FL</i> Lee, FL	0.9537
2710	<i>Fort Pierce-Port St. Lucie, FL</i> Martin, FL St. Lucie, FL	1.0653
2720	<i>Fort Smith, AR-OK</i> Crawford, AR Sebastian, AR Sequoyah, OK	0.8357
2750	<i>Fort Walton Beach, FL</i> Okaloosa, FL	0.9284
2760	<i>Fort Wayne, IN</i> Adams, IN Allen, IN De Kalb, IN Huntington, IN Wells, IN Whitley, IN	0.9692
2800	<i>Forth Worth-Arlington, TX</i> Hood, TX Johnson, TX Parker, TX Tarrant, TX	1.0480
2840	<i>Fresno, CA</i> Fresno, CA Madera, CA	1.0935
2880	<i>Gadsden, AL</i> Etowah, AL	0.9258
2900	<i>Gainesville, FL</i> Alachua, FL	1.0764
2920	<i>Galveston-Texas City, TX</i> Galveston, TX	1.0370
2960	<i>Gary, IN</i> Lake, IN Porter, IN	1.0005
2975	<i>Glens Falls, NY</i> Warren, NY Washington, NY	0.9170
2980	<i>Goldsboro, NC</i> Wayne, NC	0.8879
2985	<i>Grand Forks, ND-MN</i> Grand Forks, ND Polk, MN	0.9693

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
2995	<i>Grand Junction, CO</i> Mesa, CO	0.9790
3000	<i>Grand Rapids-Muskegon-Holland, MI</i> Allegan, MI Kent, MI Muskegon, MI Ottawa, MI	1.0799
3040	<i>Great Falls, MT</i> Cascade, MT	1.1144
3060	<i>Greeley, CO</i> Weld, CO	1.0359
3080	<i>Green Bay, WI</i> Brown, WI	0.9731
3120	<i>Greensboro-Winston-Salem-High Point, NC</i> Alamance, NC Davidson, NC Davie, NC Forsyth, NC Guilford, NC Randolph, NC Stokes, NC Yadkin, NC	0.9629
3150	<i>Greenville, NC</i> Pitt, NC	1.0123
3160	<i>Greenville-Spartanburg-Anderson, SC</i> Anderson, SC Cherokee, SC Greenville, SC Pickens, SC Spartanburg, SC	0.9790
3180	<i>Hagerstown, MD</i> Washington, MD	0.9422
3200	<i>Hamilton-Middletown, OH</i> Butler, OH	0.9532
3240	<i>Harrisburg-Lebanon-Carlisle, PA</i> Cumberland, PA Dauphin, PA Lebanon, PA Perry, PA	1.0567
3283	<i>Hartford, CT</i> Hartford, CT Litchfield, CT Middlesex, CT Tolland, CT	1.2483

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
3285	<i>Hattiesburg, MS</i> Forrest, MS Lamar, MS	0.8134
3290	<i>Hickory-Morganton-Lenoir, NC</i> Alexander, NC Burke, NC Caldwell, NC Catawba, NC	0.9709
3320	<i>Honolulu, HI</i> Honolulu, HI	1.2228
3350	<i>Houma, LA</i> Lafourche, LA Terrebonne, LA	0.8350
3360	<i>Houston, TX</i> Chambers, TX Fort Bend, TX Harris, TX Liberty, TX Montgomery, TX Waller, TX	1.0002
3400	<i>Huntington-Ashland, WV-KY-OH</i> Boyd, KY Carter, KY Greenup, KY Lawrence, OH Cabell, WV Wayne, WV	1.0396
3440	<i>Huntsville, AL</i> Limestone, AL Madison, AL	0.9400
3480	<i>Indianapolis, IN</i> Boone, IN Hamilton, IN Hancock, IN Hendricks, IN Johnson, IN Madison, IN Marion, IN Morgan, IN Shelby, IN	1.0434
3500	<i>Iowa City, IA</i> Johnson, IA	1.0237
3520	<i>Jackson, MI</i> Jackson, MI	0.9419

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
3560	<i>Jackson, MS</i> Hinds, MS Madison, MS Rankin, MS	0.8936
3580	<i>Jackson, TN</i> Madison, TN Chester, TN	0.9164
3600	<i>Jacksonville, FL</i> Clay, FL Duval, FL Nassau, FL St. Johns, FL	0.9544
3605	<i>Jacksonville, NC</i> Onslow, NC	0.8367
3610	<i>Jamestown, NY</i> Chautauqua, NY	0.8372
3620	<i>Janesville-Beloit, WI</i> Rock, WI	1.0289
3640	<i>Jersey City, NJ</i> Hudson, NJ	1.2440
3660	<i>Johnson City-Kingsport-Bristol, TN-VA</i> Carter, TN Hawkins, TN Sullivan, TN Unicoi, TN Washington, TN Bristol City, VA Scott, VA Washington, VA	0.9433
3680	<i>Johnstown, PA</i> Cambria, PA Somerset, PA	0.9206
3700	<i>Jonesboro, AR</i> Craighead, AR	0.8000
3710	<i>Joplin, MO</i> Jasper, MO Newton, MO	0.8181
3720	<i>Kalamazoo-Battlecreek, MI</i> Calhoun, MI Kalamazoo, MI Van Buren, MI	1.0635
3740	<i>Kankakee, IL</i> Kankakee, IL	0.9162

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
3760	<i>Kansas City, KS-MO</i> Johnson, KS Leavenworth, KS Miami, KS Wyandotte, KS Cass, MO Clay, MO Clinton, MO Jackson, MO Lafayette, MO Platte, MO Ray, MO	0.9932
3800	<i>Kenosha, WI</i> Kenosha, WI	0.9625
3810	<i>Killeen-Temple, TX</i> Bell, TX Coryell, TX	1.0583
3840	<i>Knoxville, TN</i> Anderson, TN Blount, TN Knox, TN Loudon, TN Sevier, TN Union, TN	0.9802
3850	<i>Kokomo, IN</i> Howard, IN Tipton, IN	0.9503
3870	<i>La Crosse, WI-MN</i> Houston, MN La Crosse, WI	0.9519
3880	<i>Lafayette, LA</i> Acadia, LA Lafayette, LA St. Landry, LA St. Martin, LA	0.8886
3920	<i>Lafayette, IN</i> Clinton, IN Tippecanoe, IN	0.9386
3960	<i>Lake Charles, LA</i> Calcasieu, LA	0.8488
3980	<i>Lakeland-Winter Haven, FL</i> Polk, FL	0.9393
4000	<i>Lancaster, PA</i> Lancaster, PA	0.9862

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
4040	<i>Lansing-East Lansing, MI</i> Clinton, MI Eaton, MI Ingham, MI	1.0631
4080	<i>Laredo, TX</i> Webb, TX	0.8868
4100	<i>Las Cruces, NM</i> Dona Ana, NM	0.9153
4120	<i>Las Vegas, NV-AZ</i> Mohave, AZ Clarke, NV Nye, NV	1.1996
4150	<i>Lawrence, KS</i> Douglas, KS	0.8761
4200	<i>Lawton, OK</i> Comanche, OK	1.0157
4243	<i>Lewiston-Auburn, ME</i> Androscoggin, ME	0.9482
4280	<i>Lexington, KY</i> Bourbon, KY Clark, KY Fayette, KY Jessamine, KY Madison, KY Scott, KY Woodford, KY	0.9090
4320	<i>Lima, OH</i> Allen, OH Auglaize, OH	0.9489
4360	<i>Lincoln, NE</i> Lancaster, NE	1.0304
4400	<i>Little Rock-North Little Rock, AR</i> Faulkner, AR Lonoke, AR Pulaski, AR Saline, AR	0.9179
4420	<i>Longview-Marshall, TX</i> Gregg, TX Harrison, TX Upshur, TX	0.9311
4480	<i>Los Angeles-Long Beach, CA</i> Los Angeles, CA	1.2841

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
4520	<i>Louisville, KY-IN</i> Clark, IN Floyd, IN Harrison, IN Scott, IN Bullitt, KY Jefferson, KY Oldham, KY	0.9996
4600	<i>Lubbock, TX</i> Lubbock, TX	0.8962
4640	<i>Lynchburg, VA</i> Amherst, VA Bedford, VA Bedford City, VA Campbell, VA Lynchburg City, VA	0.9392
4680	<i>Macon, GA</i> Bibb, GA Houston, GA Jones, GA Peach, GA Twiggs, GA	0.9089
4720	<i>Madison, WI</i> Dane, WI	1.0367
4800	<i>Mansfield, OH</i> Crawford, OH Richland, OH	0.9031
4840	<i>Mayaguez, PR</i> Anasco, PR Cabo Rojo, PR Hormigueros, PR Mayaguez, PR Sabana Grande, PR San German, PR	0.5376
4880	<i>McAllen-Edinburg-Mission, TX</i> Hidalgo, TX	0.8652
4890	<i>Medford-Ashland, OR</i> Jackson, OR	1.1180
4900	<i>Melbourne-Titusville-Palm Bay, FL</i> Brevard, FL	0.9905

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
4920	<i>Memphis, TN-AR-MS</i> Crittenden, AR DeSoto, MS Fayette, TN Shelby, TN Tipton, TN	0.8784
4940	<i>Merced, CA</i> Merced, CA	1.0950
5000	<i>Miami, FL</i> Dade, FL	1.0904
5015	<i>Middlesex-Somerset-Hunterdon, NJ</i> Hunterdon, NJ Middlesex, NJ Somerset, NJ	1.1851
5080	<i>Milwaukee-Waukesha, WI</i> Milwaukee, WI Ozaukee, WI Washington, WI Waukesha, WI	1.0490
5120	<i>Minneapolis-St. Paul, MN-WI</i> Anoka, MN Carver, MN Chisago, MN Dakota, MN Hennepin, MN Isanti, MN Ramsey, MN Scott, MN Sherburne, MN Washington, MN Wright, MN Pierce, WI St. Croix, WI	1.1645
5140	<i>Missoula, MT</i> Missoula, MT	0.9681
5160	<i>Mobile, AL</i> Baldwin, AL Mobile, AL	0.8809
5170	<i>Modesto, CA</i> Stanislaus, CA	1.0774
5190	<i>Monmouth-Ocean, NJ</i> Monmouth, NJ Ocean, NJ	1.1996
5200	<i>Monroe, LA</i> Ouachita, LA	0.8760

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
5240	Montgomery, AL Autauga, AL Elmore, AL Montgomery, AL	0.8208
5280	Muncie, IN Delaware, IN	1.1544
5330	Myrtle Beach, SC Horry, SC	0.9088
5345	Naples, FL Collier, FL	1.0484
5360	Nashville, TN Cheatham, TN Davidson, TN Dickson, TN Robertson, TN Rutherford TN Sumner, TN Williamson, TN Wilson, TN	1.0068
5380	Nassau-Suffolk, NY Nassau, NY Suffolk, NY	1.4997
5483	New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT Fairfield, CT New Haven, CT	1.3166
5523	New London-Norwich, CT New London, CT	1.3242
5560	New Orleans, LA Jefferson, LA Orleans, LA Plaquemines, LA St. Bernard, LA St. Charles, LA St. James, LA St. John The Baptist, LA St. Tammany, LA	0.9685
5600	New York, NY Bronx, NY Kings, NY New York, NY Putnam, NY Queens, NY Richmond, NY Rockland, NY Westchester, NY	1.5469

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
5640	<i>Newark, NJ</i> Essex, NJ Morris, NJ Sussex, NJ Union, NJ Warren, NJ	1.2409
5660	<i>Newburgh, NY-PA</i> Orange, NY Pike, PA	1.1624
5720	<i>Norfolk-Virginia Beach-Newport News, VA-NC</i> Currituck, NC Chesapeake City, VA Gloucester, VA Hampton City, VA James City, VA Isle of Wight, VA Mathews, VA Newport News City, VA Norfolk City, VA Poquoson City, VA Portsmouth City, VA Suffolk City, VA Virginia Beach City VA Williamsburg City, VA York, VA	0.8993
5775	<i>Oakland, CA</i> Alameda, CA Contra Costa, CA	1.6044
5790	<i>Ocala, FL</i> Marion, FL	1.0245
5800	<i>Odessa-Midland, TX</i> Ector, TX Midland, TX	0.9455
5880	<i>Oklahoma City, OK</i> Canadian, OK Cleveland, OK Logan, OK McClain, OK Oklahoma, OK Pottawatomie, OK	0.9150
5910	<i>Olympia, WA</i> Thurston, WA	1.1648

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
5920	<i>Omaha, NE-IA</i> Pottawattamie, IA Cass, NE Douglas, NE Sarpy, NE Washington, NE	1.1140
5945	<i>Orange County, CA</i> Orange, CA	1.2349
5960	<i>Orlando, FL</i> Lake, FL Orange, FL Osceola, FL Seminole, FL	1.0437
5990	<i>Owensboro, KY</i> Daviess, KY	0.8635
6015	<i>Panama City, FL</i> Bay, FL	0.9770
6020	<i>Parkersburg-Marietta, WV-OH</i> Washington, OH Wood, WV	0.8896
6080	<i>Pensacola, FL</i> Escambia, FL Santa Rosa, FL	0.8995
6120	<i>Peoria-Pekin, IL</i> Peoria, IL Tazewell, IL Woodford, IL	0.8896
6160	<i>Philadelphia, PA-NJ</i> Burlington, NJ Camden, NJ Gloucester, NJ Salem, NJ Bucks, PA Chester, PA Delaware, PA Montgomery, PA Philadelphia, PA	1.1891
6200	<i>Phoenix-Mesa, AZ</i> Maricopa, AZ Pinal, AZ	1.0084
6240	<i>Pine Bluff, AR</i> Jefferson, AR	0.8202

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
6280	<i>Pittsburgh, PA</i> Allegheny, PA Beaver, PA Butler, PA Fayette, PA Washington, PA Westmoreland, PA	1.0265
6323	<i>Pittsfield, MA</i> Berkshire, MA	1.0927
6340	<i>Pocatello, ID</i> Bannock, ID	0.9561
6360	<i>Ponce, PR</i> Guayanilla, PR Juana Diaz, PR Penuelas, PR Ponce, PR Villalba, PR Yauco, PR	0.5717
6403	<i>Portland, ME</i> Cumberland, ME Sagadahoc, ME York, ME	1.0096
6440	<i>Portland-Vancouver, OR-WA</i> Clackamas, OR Columbia, OR Multnomah, OR Washington, OR Yamhill, OR Clark, WA	1.1694
6483	<i>Providence-Warwick-Pawtucket, RI</i> Bristol, RI Kent, RI Newport, RI Providence, RI Washington, RI	1.1391
6520	<i>Provo-Orem, UT</i> Utah, UT	1.0461
6560	<i>Pueblo, CO</i> Pueblo, CO	0.9433
6580	<i>Punta Gorda, FL</i> Charlotte, FL	0.9509
6600	<i>Racine, WI</i> Racine, WI	0.9820

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
6640	<i>Raleigh-Durham-Chapel Hill, NC</i> Chatham, NC Durham, NC Franklin, NC Johnston, NC Orange, NC Wake, NC	1.0170
6660	<i>Rapid City, SD</i> Pennington, SD	0.8911
6680	<i>Reading, PA</i> Berks, PA	1.0054
6690	<i>Redding, CA</i> Shasta, CA	1.2002
6720	<i>Reno, NV</i> Washoe, NV	1.1353
6740	<i>Richland-Kennewick-Pasco, WA</i> Benton, WA Franklin, WA	1.1959
6760	<i>Richmond-Petersburg, VA</i> Charles City County, VA Chesterfield, VA Colonial Heights City, VA Dinwiddie, VA Goochland, VA Hanover, VA Henrico, VA Hopewell City, VA New Kent, VA Petersburg City, VA Powhatan, VA Prince George, VA Richmond City, VA	1.0171
6780	<i>Riverside-San Bernardino, CA</i> Riverside, CA San Bernardino, CA	1.1945
6800	<i>Roanoke, VA</i> Botetourt, VA Roanoke, VA Roanoke City, VA Salem City, VA	0.8672
6820	<i>Rochester, MN</i> Olmsted, MN	1.2178

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
6840	<i>Rochester, NY</i> Genesee, NY Livingston, NY Monroe, NY Ontario, NY Orleans, NY Wayne, NY	0.9786
6880	<i>Rockford, IL</i> Boone, IL Ogle, IL Winnebago, IL	0.9359
6895	<i>Rocky Mount, NC</i> Edgecombe, NC Nash, NC	0.9307
6920	<i>Sacramento, CA</i> El Dorado, CA Placer, CA Sacramento, CA	1.3089
6960	<i>Saginaw-Bay City-Midland, MI</i> Bay, MI Midland, MI Saginaw, MI	0.9895
6980	<i>St. Cloud, MN</i> Benton, MN Stearns, MN	1.0038
7000	<i>St. Joseph, MO</i> Andrew, MO Buchanan, MO	0.9529
7040	<i>St. Louis, MO-IL</i> Franklin, MO Jefferson, MO Lincoln, MO St. Charles, MO St. Louis, MO St. Louis City, MO Warren, MO Clinton, IL Jersey, IL Madison, IL Monroe, IL St. Clair, IL	0.9645
7080	<i>Salem, OR</i> Marion, OR Polk, OR	1.0601

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
7120	Salinas, CA Monterey, CA	1.5674
7160	Salt Lake City-Ogden, UT Davis, UT Salt Lake, UT Weber, UT	1.0500
7200	San Angelo, TX Tom Green, TX	0.8359
7240	San Antonio, TX Bexar, TX Comal, TX Guadalupe, TX Wilson, TX	0.8862
7320	San Diego, CA San Diego, CA	1.2712
7360	San Francisco, CA Marin, CA San Francisco, CA San Mateo, CA	1.4918
7400	San Jose, CA Santa Clara, CA	1.4500

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
7440	<i>San Juan-Bayamon, PR</i> Aguas Buenas, PR Barceloneta, PR Bayamon, PR Canovanas, PR Carolina, PR Catano, PR Ceiba, PR Comerio, PR Corozal, PR Dorado, PR Fajardo, PR Florida, PR Guaynabo, PR Humacao, PR Juncos, PR Los Piedras, PR Loiza, PR Luguillo, PR Manati, PR Morovis, PR Naguabo, PR Naranjito, PR Rio Grande, PR San Juan, PR Toa Alta, PR Toa Baja, PR Trujillo Alto, PR Vega Alta, PR Vega Baja, PR Yabucoa, PR	0.5357
7460	<i>San Luis Obispo-Atascadero-Paso Robles, CA</i> San Luis Obispo, CA	1.1156
7480	<i>Santa Barbara-Santa Maria-Lompoc, CA</i> Santa Barbara, CA	1.1528
7485	<i>Santa Cruz-Watsonville, CA</i> Santa Cruz, CA	1.4840
7490	<i>Santa Fe, NM</i> Los Alamos, NM Santa Fe, NM	1.1121
7500	<i>Santa Rosa, CA</i> Sonoma, CA	1.3852
7510	<i>Sarasota-Bradenton, FL</i> Manatee, FL Sarasota, FL	1.0554

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
7520	<i>Savannah, GA</i> Bryan, GA Chatham, GA Effingham, GA	1.0605
7560	<i>Scranton--Wilkes-Barre--Hazleton, PA</i> Columbia, PA Lackawanna, PA Luzerne, PA Wyoming, PA	0.8921
7600	<i>Seattle-Bellevue-Everett, WA</i> Island, WA King, WA Snohomish, WA	1.2030
7610	<i>Sharon, PA</i> Mercer, PA	0.8826
7620	<i>Sheboygan, WI</i> Sheboygan, WI	0.8740
7640	<i>Sherman-Denison, TX</i> Grayson, TX	0.9940
7680	<i>Shreveport-Bossier City, LA</i> Bossier, LA Caddo, LA Webster, LA	0.9642
7720	<i>Sioux City, IA-NE</i> Woodbury, IA Dakota, NE	0.9108
7760	<i>Sioux Falls, SD</i> Lincoln, SD Minnehaha, SD	0.9351
7800	<i>South Bend, IN</i> St. Joseph, IN	1.0435
7840	<i>Spokane, WA</i> Spokane, WA	1.1507
7880	<i>Springfield, IL</i> Menard, IL Sangamon, IL	0.9252
7920	<i>Springfield, MO</i> Christian, MO Greene, MO Webster, MO	0.8515
8003	<i>Springfield, MA</i> Hampden, MA Hampshire, MA	1.1377

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
8050	<i>State College, PA</i> Centre, PA	0.9737
8080	<i>Steubenville-Weirton, OH-WV</i> Jefferson, OH Brooke, WV Hancock, WV	0.9179
8120	<i>Stockton-Lodi, CA</i> San Joaquin, CA	1.1207
8140	<i>Sumter, SC</i> Sumter, SC	0.8778
8160	<i>Syracuse, NY</i> Cayuga, NY Madison, NY Onondaga, NY Oswego, NY	1.1377
8200	<i>Tacoma, WA</i> Pierce, WA	1.2230
8240	<i>Tallahassee, FL</i> Gadsden, FL Leon, FL	0.9040
8280	<i>Tampa-St. Petersburg-Clearwater, FL</i> Hernando, FL Hillsborough, FL Pasco, FL Pinellas, FL	0.9637
8320	<i>Terre Haute, IN</i> Clay, IN Vermillion, IN Vigo, IN	0.9132
8360	<i>Texarkana, AR-Texarkana, TX</i> Miller, AR Bowie, TX	0.8668
8400	<i>Toledo, OH</i> Fulton, OH Lucas, OH Wood, OH	1.0458
8440	<i>Topeka, KS</i> Shawnee, KS	0.9937
8480	<i>Trenton, NJ</i> Mercer, NJ	1.0764
8520	<i>Tucson, AZ</i> Pima, AZ	0.9315

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
8560	<i>Tulsa, OK</i> Creek, OK Osage, OK Rogers, OK Tulsa, OK Wagoner, OK	0.8616
8600	<i>Tuscaloosa, AL</i> Tuscaloosa, AL	0.8593
8640	<i>Tyler, TX</i> Smith, TX	0.9983
8680	<i>Utica-Rome, NY</i> Herkimer, NY Oneida, NY	0.8842
8720	<i>Vallejo-Fairfield-Napa, CA</i> Napa, CA Solano, CA	1.4220
8735	<i>Ventura, CA</i> Ventura, CA	1.2206
8750	<i>Victoria, TX</i> Victoria, TX	0.8927
8760	<i>Vineland-Millville-Bridgeton, NJ</i> Cumberland, NJ	1.1206
8780	<i>Visalia-Tulare-Porterville, CA</i> Tulare, CA	1.1093
8800	<i>Waco, TX</i> McLennan, TX	0.8604

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
8840	<i>Washington, DC-MD-VA-WV</i> District of Columbia, DC Calvert, MD Charles, MD Frederick, MD Montgomery, MD Prince Georges, MD Alexandria City, VA Arlington, VA Clarke, VA Culpeper, VA Fairfax, VA Fairfax City, VA Falls Church City, VA Fauquier, VA Fredericksburg City, VA King George, VA Loudoun, VA Manassas City, VA Manassas Park City, VA Prince William, VA Spotsylvania, VA Stafford, VA Warren, VA Berkeley, WV Jefferson, WV	1.1778
8920	<i>Waterloo-Cedar Falls, IA</i> Black Hawk, IA	0.9075
8940	<i>Wausau, WI</i> Marathon, WI	1.0064
8960	<i>West Palm Beach-Boca Raton, FL</i> Palm Beach, FL	1.0668
9000	<i>Wheeling, WV-OH</i> Belmont, OH Marshall, WV Ohio, WV	0.8144
9040	<i>Wichita, KS</i> Butler, KS Harvey, KS Sedgwick, KS	1.0038
9080	<i>Wichita Falls, TX</i> Archer, TX Wichita, TX	0.8154

MSA Code Number	Urban Area (Constituent Counties or County Equivalents) ¹	Wage Index ²
9140	<i>Williamsport, PA</i> Lycoming, PA	0.9003
9160	<i>Wilmington-Newark, DE-MD</i> New Castle, DE Cecil, MD	1.2013
9200	<i>Wilmington, NC</i> Brunswick, NC New Hanover, NC	1.0343
9260	<i>Yakima, WA</i> Yakima, WA	1.1009
9270	<i>Yolo, CA</i> Yolo, CA	1.0356
9280	<i>York, PA</i> York, PA	0.9919
9320	<i>Youngstown-Warren, OH</i> Columbiana, OH Mahoning, OH Trumbull, OH	1.0651
9340	<i>Yuba City, CA</i> Sutter, CA Yuba, CA	1.1361
9360	<i>Yuma, AZ</i> Yuma, AZ	1.0574

¹This column lists each MSA area name (in italics) and each county, or county equivalent, in the MSA area. Counties not listed in this Table are considered to be Rural Areas. Wage Index values for these areas are found in Table B.

²Wage index values are based on FY 1996 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget-neutrality adjustment of 1.065425. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or an adjustment by multiplying the hospital wage index value for a given area by the budget-neutrality adjustment. We have completed all of these adjustments and included them in the wage index values reflected in this table.

TABLE B--WAGE INDEX FOR RURAL AREAS

MSA Code Number	Nonurban Area	Wage Index ³
9901	Alabama	0.8000
9902	Alaska	1.2847
9903	Arizona	0.9104
9904	Arkansas	0.8000
9905	California	1.0603
9906	Colorado	0.9391
9907	Connecticut	1.3226
9908	Delaware	0.9767
9910	Florida	0.9575
9911	Georgia	0.8625
9912	Hawaii	1.1430
9913	Idaho	0.9218
9914	Illinois	0.8575
9915	Indiana	0.8946
9916	Iowa	0.8446
9917	Kansas	0.8000
9918	Kentucky	0.8569
9919	Louisiana	0.8000
9920	Maine	0.9205
9921	Maryland	0.9197
9922	Massachusetts	1.2114
9923	Michigan	0.9392
9924	Minnesota	0.9237
9925	Mississippi	0.8000
9926	Missouri	0.8229
9927	Montana	0.8945
9928	Nebraska	0.8532
9929	Nevada	0.9693
9930	New Hampshire	1.0554
9931	New Jersey ⁴
9932	New Mexico	0.8927
9933	New York	0.9202
9934	North Carolina	0.8832
9935	North Dakota	0.8148
9936	Ohio	0.9216
9937	Oklahoma	0.8000
9938	Oregon	1.0514
9939	Pennsylvania	0.9083
9940	Puerto Rico	0.4886
9941	Rhode Island ⁴

MSA Code Number	Nonurban Area	Wage Index ³
9942	South Carolina	0.8805
9943	South Dakota	0.8073
9944	Tennessee	0.8152
9945	Texas	0.8000
9946	Utah	0.9490
9947	Vermont	1.0024
9948	Virgin Islands	0.7252
9949	Virginia	0.8421
9950	Washington	1.1131
9951	West Virginia	0.8597
9952	Wisconsin	0.9333
9953	Wyoming	0.9440
9965	Guam	1.0240

³ Wage index values are based on FY 1996 hospital cost report data before reclassification. This wage index is further adjusted. Wage index values greater than 0.8 are subject to a budget-neutrality adjustment of 1.065425. Wage index values below 0.8 are adjusted to be the greater of a 15-percent increase, subject to a maximum wage index value of 0.8, or an adjustment by multiplying the hospital wage index value for a given area by the budget-neutrality adjustment. We have completed all of these adjustments and have included them in the wage index values reflected in this table.

⁴ All counties within the State are classified as urban.

II. Regulatory Impact Statement

We have examined the impacts of this notice as required by Executive Order 12866, the Unfunded Mandate Reform Act, and the Regulatory Flexibility Act (RFA) (Pub. L. 96-354). In this notice, we identified an impact on hospices as a result of changes in the way we compute the hospice wage index. The change in the methodology for computing the wage index was determined through a negotiated rulemaking committee and implemented in the August 8, 1997 final rule (62 FR 42860). We recognize that the BBRA adjusted hospice payments upward by 0.5 percent; however, we did not do a separate analysis of the impact of this payment adjustment. We used the new rates adjusted by the BBRA when

estimating the payments to be made under the new wage index and when calculating the budget-neutrality adjustment factor.

Overall, we believe the changes included in this notice to be insignificant.

1. Executive Order 12866 and RFA

Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects; distributive impacts; and equity). We have determined that this notice is not an economically significant rule under this Executive Order. The RFA requires agencies to analyze options for regulatory relief for small businesses. For purposes of the RFA, States and individuals are not considered small entities. However, most providers, physicians, and health care suppliers are small entities, either by nonprofit status or by having revenues of \$5 million or less annually. Approximately 73 percent of Medicare certified hospices are identified as voluntary, government, or other agencies, and, therefore, are considered small entities. Because the National Hospice Organization estimates that approximately 70 percent of hospice patients are Medicare beneficiaries, we have not considered other sources of revenue in this analysis.

As discussed below, the estimated decreases in payment to hospices overall are very slight. The most significant change is an increase in estimated payments to rural areas in East and West South Central, at 4.8 and 9.1 percent, respectively. The effects of this notice on West South Central alone, indicate that 54 of the 85 hospices in urban West South Central can be considered small entities that will experience an 9.1-percent increase in Medicare payments. Therefore, we anticipate this notice will have a significant, albeit positive, impact on a substantial number of small entities. However, the methodology for the hospice wage index was previously determined by consensus through a negotiated rulemaking committee that included representatives of national hospice associations; rural, urban, large and small hospices; multi-site hospices; and consumer groups. Based on the options considered, the committee determined that the methodology described in the committee statement, and adopted into regulation in the August 8, 1997 final rule, was favorable for the hospice community as well as for beneficiaries. Therefore, we believe that mitigating any negative effects on small entities has been taken into consideration.

2. Congressional Review

Section 804(2) of Title 5, United States Code (USC)(as added by section 251 of Pub. L. 104-121), specifies that a "major rule"

is any rule that the Office of Management and Budget finds is likely to result in- -

- An annual effect on the economy of \$100 million or more;
- A major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or
- Significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.

We estimate that the impact of this notice will not be \$100 million or more; therefore, this notice is not a major rule as defined in Title 5, United States Code, section 804(2) and is not being forwarded to the Congress for a 60-day review period.

3. Unfunded Mandate

The Unfunded Mandate Reform Act of 1995 also requires (in section 202) that agencies prepare an assessment of anticipated costs and benefits for any rule that may result in an expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, in any one year of \$100 million or more. The notice has no consequential effect on State, local, or tribal

governments. We believe the private sector costs of this notice fall below the threshold as well.

4. Rural Hospital Impact

Section 1102(b) of the Act requires us to prepare a regulatory impact analysis for any notice that may have a significant impact on the operations of a substantial number of small rural hospitals. Such an analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside an MSA and has fewer than 50 beds.

Because this notice has no direct impact on small hospitals, in accordance with 5 U.S.C. 604, the Secretary certifies that this notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

5. Federalism

We have reviewed this notice under the threshold criteria of Executive Order 13132, Federalism, and have determined that this notice will not have any negative impact on the rights, roles, and responsibilities of State, local, or tribal governments.

A. Anticipated Effects

We have compared estimated payments using the FY 1983 hospice wage index to estimated payments using the FY 2001 wage index and determined the current hospice rates to be budget-neutral. As mentioned above, the negotiated rulemaking committee agreement required that we not pay more under the new wage index in the aggregate than we would have paid under the original wage index.

This impact analysis compares hospice payments under the FY 2000 hospice wage index to the estimated payments using the FY 2001 wage index. The data used in developing the quantitative analysis for this notice were obtained from the March 2000 update of the national claims history file of all bills submitted during FY 1999. We deleted bills from hospices that have since closed.

Table C demonstrates the results of our analysis. In Column 2 of Table C, we indicate the number of routine home care days that were included in our analysis, although the analysis was performed on all types of hospice care. Column 3 of Table C indicates payments that were made using the FY 2000 wage index. Column 4 of Table C is based on FY 1999 claims and estimates payments to be made to hospices using the FY 2001 wage index. The final column, which compares Columns 3 and 4, shows the percent change in estimated hospice payments made based on the category of the hospice.

Table C categorizes hospices by various geographic and provider characteristics. The first row displays the results of the impact analysis for all Medicare certified hospices. The second and third rows of the table categorize hospices according to their geographic location (urban and rural). Our analysis indicated that there are 1,351 hospices located in urban areas and 798 hospices located in rural areas. The next two groupings in the table indicate the number of hospices by census region, also broken down by urban and rural hospices. The sixth grouping shows the impact on hospices based on the size of the hospice's program. We determined that the majority of hospice payments are made at the routine home care rate. Therefore, we based the size of each individual hospice's program on the number of routine home care days provided in 1999. The next grouping shows the impact on hospices by type of ownership. The final grouping shows the impact on hospices defined by whether they are provider-based or freestanding.

The results of our analysis shows that the greatest increases in payment are for rural areas in the West and East South Central Regions, with a 9.1 percent and 4.8 percent increase, respectively. The greatest decreases in payment are for urban areas in the New England and Mountain regions, each with a 0.4 percent decrease, and for rural areas in the Middle Atlantic and Pacific regions, each with a 0.4 percent decrease.

The breakdown by size, type of ownership, and facility base showed an increase in payments to all hospice programs. Small hospice programs showed significant increases of about 10 percent, while larger programs experienced only a negligible increase. Government-owned hospices showed the greatest estimated increase of 2.7 percent, while payments to voluntary hospices are expected to increase by 0.4 percent. In terms of hospice base, freestanding hospices showed the greatest estimated payment increase while home health agencies showed the smallest amount of payment increase.

TABLE C - IMPACT OF HOSPICE WAGE INDEX CHANGE

	Number of Hospices (1)	Number of Routine Home Care Days in Thousands (2)	Payments using FY 2000 Wage Index in Thousands (3)	Estimated Payments using FY 2001 Wage Index in Thousands (4)	Percent Change in Hospice Payments (5)
(BY GEOGRAPHIC LOCATION):					
ALL HOSPICES	2,149	21,354	2,490,702	2,504,439	0.6
URBAN HOSPICES	1,351	18,120	2,185,780	2,190,590	0.2
RURAL HOSPICES	798	3,234	304,922	313,849	2.9
BY REGION - URBAN:					
NEW ENGLAND	94	642	89,447	89,051	-0.4
MIDDLE ATLANTIC	170	2,245	290,927	291,894	0.3
SOUTH ATLANTIC	185	4,030	509,079	511,583	0.5
EAST NORTH CENTRAL	224	2,862	334,861	336,694	0.5
EAST SOUTH CENTRAL	94	1,169	123,023	123,530	0.4
WEST NORTH CENTRAL	96	1,061	113,167	113,498	0.3
WEST SOUTH CENTRAL	188	2,408	261,632	261,287	-0.1
MOUNTAIN	88	1,135	149,035	148,443	-0.4
PACIFIC	183	2,325	298,138	298,086	0
PUERTO RICO	29	243	16,470	16,524	0.3
BY REGION - RURAL:					
NEW ENGLAND	26	72	7,666	7,811	1.9
MIDDLE ATLANTIC	35	168	17,282	17,214	-0.4

	Number of Hospices (1)	Number of Routine Home Care Days in Thousands (2)	Payments using FY 2000 Wage Index in Thousands (3)	Estimated Payments using FY 2001 Wage Index in Thousands (4)	Percent Change in Hospice Payments (5)
SOUTH ATLANTIC	117	681	63,904	65,005	1.7
EAST NORTH CENTRAL	136	561	53,801	54,541	1.4
EAST SOUTH CENTRAL	81	524	48,159	50,481	4.8
WEST NORTH CENTRAL	174	409	37,622	38,969	3.6
WEST SOUTH CENTRAL	85	362	29,640	32,351	9.1
MOUNTAIN	87	217	21,359	22,048	3.2
PACIFIC	54	217	24,012	23,922	-0.4
PUERTO RICO	3	23	1,476	1,507	2.1

	Number of Hospices (1)	Number of Routine Home Care Days in Thousands (2)	Payments using FY 2000 Wage Index in Thousands (3)	Estimated Payments using FY 2001 Wage Index in Thousands (4)	Percent Change in Hospice Payments (5)
(SKILLED) ROUTINE HOME CARE DAYS:					
0-1,754 DAYS	437	390	36,700	40,609	10.6
1,754 – 4,373 DAYS	502	1,504	150,829	154,399	2.4
4,373 – 9,681 DAYS	556	3,669	388,427	390,269	0.5
9,681 + DAYS	653	15,449	1,875,339	1,879,969	0.2
TYPE OF OWNERSHIP:					
VOLUNTARY	1,351	13,975	1,638,339	1,644,677	0.4
PROPRIETARY	573	6,714	784,488	790,194	0.7
GOVERNMENT	192	568	58,174	59,770	2.7
OTHER	33	97	9,701	9,797	1.0
HOSPICE BASE:					
FREESTANDING	874	12,368	1,451,898	1,461,421	0.7
HOME HEALTH AGENCY	716	5,357	625,165	627,440	0.4
HOSPITAL	538	3,503	395,997	397,830	0.5
SKILLED NURSING FACILITY	21	126	17,642	17,748	0.6

In accordance with the provisions of Executive Order 12866,
this regulation was reviewed by the Office of Management and
Budget.

Authority: Section 1814(i) of the Social Security Act (42 U.S.C.
1395f (i)(1))

(Catalog of Federal Domestic Assistance Program No. 93.773
Medicare--Hospital Insurance Program; and No. 93.774, Medicare--
Supplementary Medical Insurance Program)

Dated: _____

Nancy-Ann Min DeParle
Administrator,
Health Care Financing
Administration.

Dated: _____

Donna E. Shalala
Secretary.

